



**SPECIAL INSPECTOR GENERAL
FOR AFGHANISTAN RECONSTRUCTION (SIGAR)**

NEWS RELEASE

Public Affairs

Phone: 703-602-8731

Email: PublicAffairs@sigar.mil

SIGAR CONTRACT AUDIT SHOWS \$49.2 MILLION AT RISK OF WASTE
“SIGAR Releases Audit of 69 CERP Projects in Laghman Province”

January 27, 2011 - FOR IMMEDIATE RELEASE — Today, the Special Inspector General for Afghanistan Reconstruction (SIGAR), Arnold Fields, released an audit report that identifies \$49.2 million of U.S. reconstruction funds in Afghanistan that are at serious risk of waste. Special IG Fields said, “Sustainability is the key. If the U.S. government continues to spend millions of dollars on projects the Afghans are unable to sustain when we turn them over, then our investment will have been wasted.”

The audit SIGAR released today focuses on contract performance and oversight of 69 projects in Afghanistan’s Laghman Province. The 69 reconstruction projects cost more than \$53 million and are all funded through the Commander’s Emergency Response Program (CERP). The 69 projects audited include 24 active, 42 completed, and 3 terminated.

Since 2004, Congress has appropriated nearly \$2.64 billion for CERP projects in Afghanistan. CERP enables commanders to fund humanitarian relief and reconstruction projects to immediately assist the local population.

SIGAR’s audit found that 27 of the 69 CERP projects examined in Laghman Province were at risk or have questionable outcomes. Many of these projects were high-dollar value, representing nearly \$49.2 million, or 92%, of the total \$53 million SIGAR reviewed in Laghman Province.

Most of the CERP investment in Laghman was used for large projects, specifically for the construction of asphalt roads and new facilities. The audit found that a lack of maintenance plans has put all the asphalt road projects (about \$44.6 million) at risk of waste.

SIGAR engineers conclude that without proper maintenance, the roads will quickly fall into disrepair and be unusable. “Our audit found that these projects and groups of related infrastructure initiatives were approved without adequate assurance that the Government of Afghanistan had the resources to operate and maintain them. This suggests that the Afghans have not been sufficiently involved, despite a U.S. strategy emphasizing Afghan First,” said Special IG Fields.

“This audit shows what many of our other audits have uncovered—there is not adequate oversight to ensure that projects in which we invest can be sustained by the Afghans,” Fields said. “Unless and until we address these serious sustainability issues, we will continue to invest millions of U.S. tax dollars in projects that will fall into disrepair once transferred to the Afghan government and our investment will have been wasted,” he said.

The audit also identifies \$3 million that is at risk in obligations for a few building projects which have been completed and are not being used as intended. And on building projects where the construction is ongoing, the Government of Afghanistan has not agreed to a plan to sustain the facilities after completion.

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“Building multimillion dollar projects, and then trying to figure out a sustainability plan, is a nonsensical way of planning,” said Special IG Fields following his visit to Laghman Province in September 2010. “In the private sector, companies would never spend millions of dollars constructing a building or road for which they did not already have a sustainability plan. The U.S. government could learn a lot from the private sector in this regard,” Fields said.

SIGAR’s audit provides five recommendations to the U.S. Forces – Afghanistan (USFOR-A) Commander to improve oversight and promote the sustainment of CERP projects in Laghman province.

This audit can be found on the SIGAR website at www.sigar.mil. The report is entitled: “*Commander’s Emergency Response Program in Laghman Province Provided Some Benefits, but Oversight Weaknesses and Sustainment Concerns Led to Questionable Outcomes and Potential Waste*”.